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# Usefulness of Tools to Enhance Retention and Loyalty in Purchasing OTC Drugs from the Perspective of Clients of B&M Pharmacies

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## Abstract

The fierce competition in the over the counter (OTC) drugs market is forcing manufacturers and sellers of these drugs, particularly brick and mortar pharmacies, to search for tools to increase retention and loyalty of their clients. So far, pharmacies have widely used various forms of short-term sales promotion to attract customers, but these are gradually losing their effectiveness and pharmacies are forced to start using other tools to support the retention and loyalty of their clients. This article first defines the forms of retention support suitable for OTC drugs and summarizes the results of a quantitative research among clients of brick and mortar pharmacies in the Czech Republic, focused on the perception of attractiveness of the various forms to support retention and loyalty from their perspective.

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Keywords: customer retention; customer loyalty; tools to enhance customer retention and loyalty; OTC drugs; brick and mortar pharmacies.

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## 1. Introduction

All businesses today must focus on retaining existing customers and strengthening their loyalty rather than on incessant acquisition of new ones (Kotler and Keller, 2013). There should be a constant effort to maintain customer loyalty, which is more efficient. Existing customers will have more confidence in the

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firms' offerings compared with new customers. It has also been suggested that relationship marketing is beneficial to firms because it can foster customer loyalty and repeat purchase behavior (Shani and Chalasani, 1992).

There has been limited empirical research on the significance of relationship marketing tools as tools for managing and enhancing customer retention and loyalty and on which of the tools has the greatest impact and predictive capability. However, what is lacking in the literature is a study which examines the impact of all these key tools on customer satisfaction and retention in a more comprehensive multivariate model (Bojei, J. et al., 2013).

Furthermore, companies should not blindly follow the path of only focusing on customer satisfaction in the hope of improving loyalty (Kamakura et al., 2002 and Rust et al., 1995). Association between customer satisfaction and loyalty is highly variable depending on the industry, customer segment studied, the nature of the dependent and independent variables, and the presence of numerous factors that serve as mediators, moderators, or both to the relationship (Szymanski and Henard, 2001). Only affective commitment and retention/loyalty program membership were found to have a significant positive direct effect on customer retention (Kumar, V., Dalla Pozza, I. and Ganesh, J. (2013).

However, most businesses nowadays merely "hire" their customers, which essentially means that their customers are loyal only until someone offers them a greater value (Horrel, 2007). That makes it even more important in a competitive environment to create marketing programs to acquire and retain customers that will respect the demands and wishes of clients of pharmacies, will be attractive to them and lead to their satisfaction, retention and loyalty and creating strong relationships with suppliers. To intensify these customer relationships businesses need to take care of the existing customers, pay attention to them, listen to them, know what which customer wants and demands, what their priority needs and requirements are - in other words, to know as much about them as possible while listening to them (Huber and O'Gorman, 2008). It is indeed the use of various forms of customer retention and loyalty support that plays an important role in strengthening customer relationships.

## **2. Literature Review And Hypotheses**

Lamb et al. (2008) state that retention and loyalty support serves to increase repeat purchases and helps to build loyalty to the brand or business. Mullin (2010) argue that retention and loyalty support is important for building relationships with customers. According to Toopa et al. (1991) the retention and loyalty support has various roles in practice. It should:

- encourage consumers not only to first purchase a product of the brand, but to purchase more and repeatedly,
- contribute to building customer confidence so that customers remain loyal to the brand even after more purchases,
- remind the customer of certain benefits that the company offers, and is thus better than the competition, contribute to improving the reputation of the brand or company.

### *2.1. Customer Retention and Loyalty*

The concept of customer retention refers to retention of individual customers in the enterprise or willingness to repeatedly buy the products of the company (Best, 2010). Retention is one of the so called "output measure of customer performance" (Lostakova et al., 2009).

Loyalty can be expressed as the likelihood to recommend, the likelihood to repurchase, or depending on the context, the likelihood to visit/repurchase from the retailer again (Agustin and Singh, 2005, Anderson and Mittal, 2000, Anderson and Sullivan, 1993, Bloemer and de Ruyter, 1998, Chandrashekaran et al., 2007, Cronin et al., 2000, Gustafsson and Johnson, 2004, Homburg and Furst, 2005, Homburg and Giering, 2001, Johnson et al., 2006, Lam et al., 2004, Liang and Wang, 2004, Mittal et al., 1999, Mittal et al., 1998, Ngobo, 1999 and Seiders et al., 2005).

Loyalty means "creating a customer intending to permanently remain with the company, the so called owning the customer" (Horrel, 2007). When companies "own" their customers, it means that the customers are loyal to a few companies, despite the fact that these companies have, for example, higher prices if compared to others. The reasons that make the customer loyal to a company and brand can be different, but what is common is that due to them the customers have emotionally affiliated to the company and its products, because they perceive that it brings them a greater value than anyone else does (Lostakova et al., 2009). Loyal customers would not go away on any account and constantly come back to these few companies.

## *2.2. Tools of Support of Customer Retention and Loyalty*

Understanding the customer needs and requirements is a basic tool for increasing customer retention and loyalty when it comes to "listening to their demands and then give the customers what they want." (Horrel, 2007). Leboff (2011) develops this idea and shows that customer retention and loyalty is strengthened by customer engagement. Customer engagement is perceived as a combination of understanding the customer's needs and requirements, confidence building through information and communication with the customer and the formation of an mutual intimate relationship between the company and the customer that is beneficial to both parties and enable businesses to understand how great a value they deliver to customers - attract, captivate, involve and engage customers." Customer engagement is an effective process wherein customers give their time to the company in return for a certain value the company has given to them. Customer engagement is an effective process wherein customers give their time to the company in return for a certain value the company has given to them. Bohutinska (2010) states that effective tools to increase customer retention and loyalty and build mutual trust are:

- high quality products at adequate price;
- superior service;
- intensive and effective level of communication with the customer;
- sharing information with the customer;
- various forms of sales promotion (samples, instant discounts, instant small gifts, special offers, etc.);
- loyalty programs, namely:
  - collecting points associated with bonuses when the customer receives a certain number of points for every purchase that are added with repeated purchases and the customer can then exchange them for some specific products or receive some other gift, a discount on certain goods, etc..;
  - discount on next purchase when after making a purchase the customer can get a discount on next purchase within a certain time limit to when the discount is to be applied - by the end of the month, 30 days, etc..;
  - obtaining extra goods or services (for free), such as when the customer uses a certain service 10 times and pays for it and the eleventh purchase of the product or use of the service is free;

- collecting points related to gifts when the customer gets a gift for a certain amount of previously purchased quantity or amount of money spent,
- coupons when the customer gets the purchase of a particular product, a specific quantity or volume at a certain number of purchases the customer gets the so called coupon to be applied to the purchase of additional products or as a discount for next purchase.

Marketing events also play an important role in increasing retention and loyalty (Sindler, 2003). Heskett et al. (1993) adds extended warranties and possibility of returning the product as a tool increasing customer retention and loyalty, which can be solved by replacing the product or refunding the entire paid or pro rata amount, or the product is repaired free of charge during the warranty period. Leboff (2011) specifies the Internet and its use in customer care as an important tool for increasing retention and loyalty, because communication with the customer is much faster, easier and more transparent and customers go to a store where they can view the supply beforehand in a leisured manner.

Although there is a general agreement on the appropriate tools to support customer retention and loyalty, these tools have different efficiency in different economic conditions, market environment and different industries and lines of business. The literature has so far paid less attention to the specifics of retention and loyalty support and effectiveness of various tools in the specific conditions of particular industries. This also applies to the pharmaceutical industry and OTC drugs (Sohn, Seung and Seo, 2013). Researches into this issue within the pharmaceutical industry were focused on examining the factors that influence satisfaction of patients (Clerfeuille, Poubanne, Vakrilova, M. and Petrova, G., 2008), particularly the impact of services on patient satisfaction and identification of tools for assessing satisfaction (MacKeigan, Larson, 1989, Larson, Rovers, MacKeigan, 2002, Patterson, Doucette, Urmie, McDonough, 2013). Also, factors were examined affecting loyalty of clients of pharmacies (e.g. Sweidan, Al-Dmour, Al-Zu'bi, Al-Dmour, 2012). Primary studies that have been conducted by our team complement and develop these findings.

For now, it is in particular short-term sales promotion tools that are applied in the B2C retailing markets (Prikrylova, Jahodova, 2010). Generally, tools to support customer retention and loyalty have not yet been sufficiently addressed and are applied in customer support to a far lesser extent.

*H1: Customers of brick and mortar pharmacies in deciding whether to purchase in a particular pharmacy repeatedly find not only the prices of medicines in the pharmacy to be extremely important, but also other aspects.*

*H2: Clients of brick and mortar pharmacies encounter a very limited range of tools to support retention and loyalty.*

Tools to support customer retention and loyalty on B2C markets have been defined. Some researchers have found a positive relationship between tools for support of retention and loyalty and customer retention and loyalty (Bolton et al., 2000). Others, however, have found that the relationship was mixed (Smith et al., 2003) or nonexistent (Divett et al., 2003; Smith et al., 2003). The attractiveness of tools for enhancing customer retention and loyalty can be perceived differently, which should be taken into account by businesses using them to strengthen customer retention and loyalty

*H3: From the perspective of clients of brick and mortar pharmacies, the attractiveness of individual tools to support retention and loyalty varies.*

The perception of tools to support loyalty and retention should be analyzed in context. Some tools to support loyalty and retention can be closely related, and therefore may be perceived equally or considered

simultaneously by customers. Responses to this support by individual customers may then be caused by the simultaneous action of latent factors that encourage repeated purchase in a different way.

*H4: The perception of the attractiveness of various tools to support retention and loyalty could be explained by the simultaneous action of latent factors encouraging repeated purchase in brick and mortar pharmacies*

### **3. Methodology**

#### *3.1. Research Goal, Sample and Data Collection*

The aim of the quantitative marketing research among clients of brick and mortar pharmacies was to determine the extent to which the various elements of supply and services and tools to support the retention and loyalty are attractive to clients of brick and mortar pharmacies and lead them to repeat purchases and be loyal when purchasing OTC drugs in brick and mortar pharmacies.

Tools strengthening retention and customer loyalty on the B2C market, as presented in the literature (Horrel, 2007; Leboff, 2011; Bohutinska 2010; Sindler, 2003, Heskett et al., 1993 etc.), were first developed on the basis of a qualitative research conducted among owners and managers of brick and mortar pharmacies in the first half of 2013. This allowed us to define the complex of supply factors and behaviors of pharmacies that, in the opinion of the representatives of pharmacies, enhance retention and loyalty of customers of the pharmacies. The interviewed representatives of brick and mortar pharmacies repeatedly emphasized that a significant role in enhancing retention and loyalty of clients of brick and mortar pharmacies is played by various forms of especially personal marketing communication and consultancy during purchases of medicines and discounts that the pharmacy provides to its clients. However, additional tools were identified that enhance relationships with clients that have been the subject of further research.

The usefulness of selected tools enhancing retention and loyalty of clients of brick and mortar pharmacies from the perspective of these clients was further examined using a quantitative research in the second half of 2013 and in early 2014 through the method of personal interviews using a interviewer network from among the students of the University of Pardubice in the Czech 300 households randomly selected from a list of residential units in East Bohemia (villages and urban districts) and further using of random route method in selected residential units. Subsequently, the data were processed and analyzed using the statistical software IBM SPSS Statistics, version 22.

#### *3.2. Analyses and Results*

Within the quantitative research among clients of brick and mortar pharmacies it was investigated to what extent various characteristics of the supply, services and reputation of the pharmacy are important to them when deciding on repeating the purchase in a brick and mortar pharmacy.

#### *Importance of the criteria for clients deciding on repeating the purchase in the pharmacy*

The perceived importance of different aspects of the characteristics of the supply, service and reputation of the pharmacy for repeat purchases and strengthening their client retention was measured on a 7-point ordinal scale from 1 - not important at all to 7 - extremely important (see Table 1).

Table 1. Importance of the criteria for clients deciding on repeating the purchase in the pharmacy

| Criteria for choosing a pharmacy to repeat the purchase              | Statistics |         |      |      |             |    |    |
|--|------------|---------|------|------|-------------|----|----|
|  | N          |         | Mean | Mode | Percentiles |    |    |
|  | Valid      | Missing |      |      | 25          | 50 | 75 |
| Prices of medicines and OTC drugs in the pharmacy                    | 283        | 17      | 5,8  | 7    | 5           | 6  | 7  |
| Accessibility of the pharmacy  | 282        | 18      | 5,4  | 6    | 5           | 6  | 6  |
| Professionalism of the pharmacy staff                                | 283        | 17      | 5,8  | 6    | 5           | 6  | 7  |
| Courtesy and helpfulness of the pharmacy staff                       | 279        | 21      | 5,9  | 6    | 5           | 6  | 7  |
| Quality professional advice on the sale                              | 279        | 21      | 5,8  | 6    | 5           | 6  | 7  |
| Range of products of the pharmacy                                    | 282        | 18      | 4,5  | 5    | 4           | 5  | 6  |
| Scope of discounts   | 280        | 20      | 4,6  | 5    | 3           | 5  | 6  |
| Pharmacy shopping hours outside 8 am -5 pm                           | 283        | 17      | 4,5  | 6    | 3           | 5  | 6  |
| Pharmacy shopping hours on Saturdays and Sundays and public holidays | 183        | 117     | 4,8  | 6    | 4           | 5  | 6  |
| Loyalty programs for regular customers                               | 281        | 19      | 3,9  | 4    | 2           | 4  | 5  |
| Reputation of the pharmacy in the area                               | 283        | 17      | 4,1  | 4    | 3           | 4  | 5  |
| Interior of the pharmacy   | 281        | 19      | 3,3  | 4    | 2           | 3  | 4  |
| Provision of additional services                                     | 278        | 22      | 3,2  | 3    | 2           | 3  | 4  |
| Small gifts  | 281        | 19      | 3,1  | 1    | 2           | 3  | 4  |

The H1 hypothesis has been confirmed that *customers of brick and mortar pharmacies in deciding whether to purchase in a particular pharmacy repeatedly find not only the prices of medicines in the pharmacy to be extremely important, but also other aspects* as easy accessibility, opening hours beyond normal operation, i.e. including weekends and holidays, and professionalism, courtesy and helpfulness of the staff and quality professional advice on the sale. In contrast, small gifts and additional services, such as blood pressure measurement, weighing, BMI etc., are of no or very little importance for repeat purchases in a pharmacy.

The Shapiro-Wilk test of conformity related to empirical and theoretical distribution of the importance of individual criteria for repeat purchase in a brick and mortar pharmacy has not confirmed the normality of the empirical distribution and, on the contrary, there is an apparent slant of the distribution to the right or left, depending on whether the criteria for are important to the clients or not (compare the values of means, modes and medians in Table 1). Friedman K-related samples test confirmed statistically significant differences in the experimental distribution of the perceived importance of the different criteria for choosing a pharmacy for repeat purchases (Chi-Square = 825,075, df = 13, p-value = 0,000). Wilcoxon 2-related samples tests confirmed statistically significant differences in the empirical distribution of the perceived importance of the majority of couples of criteria for choosing a pharmacy. The concordance of the empirical distribution of perceived importance was confirmed only with the distribution of the criteria "breadth of the pharmacy product range" and "scope of the discounts provided", or more precisely with both aspects relating to opening hours; "pharmacy interior" and "provision of complementary services"; "drug prices" and "professionalism of the staff" ; "willingness and helpfulness of the staff" and "quality expert counselling in selling"; "scope of the discounts provided and the two criteria relating to opening hours; "small gifts" and "provision of complementary services", "loyalty programs" and "pharmacy reputation" and "professionalism of the staff and the willingness and helpfulness of the staff", or "quality expert counselling" as relevant.

Similarity in the perception of criteria groups for repeat purchase in a brick and mortar pharmacy allowed us to apply the factor analysis, which led to the conclusion that the perception of the importance of various criteria for choosing a pharmacy for repeat purchase can be explained by a combined impact of latent factors motivating clients to repeat purchase in brick and mortar pharmacies (see table 2).

Table 2. Rotated Component Matrix of factors for choosing a brick and mortar pharmacy for repeat purchase

| Criteria for choosing a pharmacy to repeat the purchase              | Component                     |                           |                                      |                               |
|--|-------------------------------|---------------------------|--------------------------------------|-------------------------------|
|  | Range of supply and equipment | Sales and loyalty support | Quality of the service at a pharmacy | Accessibility of the pharmacy |
| Interior of the pharmacy   | ,719                          |                           |                                      |                               |
| Range of products of the pharmacy                                    | ,585                          |                           |                                      |                               |
| Provision of additional services                                     | ,550                          |                           |                                      |                               |
| Loyalty programs for regular customers                               |                               | ,836                      |                                      |                               |
| Scope of discounts   |                               | ,825                      |                                      |                               |
| Small gifts  |                               | ,752                      |                                      |                               |
| Prices of medicines and OTC drugs in the pharmacy                    |                               | ,485                      |                                      |                               |
| Courtesy and helpfulness of the staff                                |                               |                           | ,837                                 |                               |
| Professionalism of the pharmacy staff                                |                               |                           | ,830                                 |                               |
| Quality professional advice on the sale                              |                               |                           | ,784                                 |                               |
| Reputation of the pharmacy in the area                               |                               |                           | ,381                                 |                               |
| Pharmacy shopping hours outside 8 am -5 pm                           |                               |                           |                                      | ,868                          |
| Pharmacy shopping hours on Saturdays and Sundays and public holidays |                               |                           |                                      | ,867                          |
| Accessibility of the pharmacy  |                               |                           |                                      | ,512                          |

Notes. Total Variance Explained 61,502%; Extraction Method: Principal Component Analysis; Rotation Method: Varimax with Kaiser Normalization; Rotation converged in 5 iterations.

The results of the factor analysis allowed identifying four key latent factors for customers to choose a brick and mortar pharmacy for repeat purchases, namely quality of the service in the pharmacy and counselling, accessibility of the pharmacy, range of supply of the OTC medications, services and pharmacy equipment and special offers to support sales and loyalty.

#### *Frequency of providing incentives for repeat purchases and increasing of loyalty to the clients by brick and mortar pharmacies*

Clients of brick and mortar pharmacies were asked how often they are offered or may use various forms of guidance and references, sales promotions and loyalty programs when purchasing OTC drugs. The frequency of use of various forms of incentives was measured on a scale from 1 – never at all, 2 – rarely, 3 – in about 25 percent of purchases, 4 – in about 50 percent of purchases, 5 – in about 75 percent of purchases, 6 – always. The results are summarized in Table 3.

The research has confirmed the H2 hypothesis that *so far clients of brick and mortar pharmacies have been offered a very limited range of instruments to support retention and loyalty by brick and mortar pharmacies.*



Table 3. Frequency of providing incentives for repeat purchases and increasing of loyalty to the clients by brick and mortar pharmacies

| INCENTIVES FOR CUSTOMERS TO REPEAT PURCHASES BY PHARMACIES                        | Statistics |         |      |      |             |    |    |
|---|------------|---------|------|------|-------------|----|----|
|   | N          |         | Mean | Mode | Percentiles |    |    |
|   | Valid      | Missing |      |      | 25          | 50 | 75 |
| FORMS OF COUNSELLING AND REFERENCES   |            |         |      |      |             |    |    |
| Personal counselling by the pharmacist when dispensing                            | 273        | 27      | 3,3  | 4    | 2           | 3  | 4  |
| Personal counselling by the doctor  | 269        | 31      | 3,3  | 4    | 2           | 3  | 4  |
| Information in instruction leaflets of drugs                                      | 252        | 48      | 2,4  | 2    | 2           | 2  | 3  |
| Counselling by the pharmacist over the phone                                      | 238        | 62      | 1,7  | 1    | 1           | 1  | 2  |
| Counselling sent by the pharmacy by an e-mail in response to a query              | 235        | 65      | 1,6  | 1    | 1           | 1  | 2  |
| Counselling services on the pharmacy website managed by the pharmacist            | 228        | 72      | 1,7  | 1    | 1           | 1  | 2  |
| Counselling services on the pharmacy website managed by the doctor                | 233        | 67      | 1,8  | 1    | 1           | 2  | 2  |
| Counselling services on the drug manufacturer's or distributor's website          | 232        | 68      | 1,6  | 1    | 1           | 1  | 2  |
| Counselling by other professionals (nutritional specialists, trainers)            | 253        | 47      | 2,0  | 2    | 1           | 2  | 2  |
| References from friends   | 267        | 33      | 3,0  | 3    | 2           | 3  | 4  |
| Reference from other clients on the pharmacy web (chat, discussion on Facebook)   | 231        | 69      | 2,0  | 2    | 1           | 2  | 3  |
| FORMS OF SALES SUPPORT  |            |         |      |      |             |    |    |
| Discount when purchasing a larger package   | 259        | 41      | 2,4  | 2    | 2           | 2  | 3  |
| Term discounts (special offers)   | 249        | 51      | 2,3  | 2    | 2           | 2  | 3  |
| Invitation leaflets on racks in the pharmacy                                      | 252        | 48      | 2,1  | 2    | 1,25        | 2  | 2  |
| Special offer leaflets in post boxes  | 247        | 53      | 2,0  | 2    | 1           | 2  | 2  |
| Free samples  | 268        | 32      | 2,0  | 2    | 1           | 2  | 2  |
| Special offer leaflets in the windows of the pharmacy                             | 250        | 50      | 1,9  | 2    | 1           | 2  | 2  |
| Small gifts immediately with the purchase of a new product                        | 263        | 37      | 1,8  | 2    | 1           | 2  | 2  |
| Discount when purchasing a new product when purchasing another product            | 248        | 52      | 1,7  | 2    | 1           | 2  | 2  |
| Testing the product in the pharmacy   | 265        | 35      | 1,6  | 1    | 1           | 1  | 2  |
| Offers of participation in a competition when purchasing a new product            | 244        | 56      | 1,6  | 1    | 1           | 1  | 2  |
| Inviting the client to an event related to the product                            | 240        | 60      | 1,4  | 1    | 1           | 1  | 2  |
| Providing additional services (measuring pressure, weighting)                     | 249        | 51      | 1,5  | 1    | 1           | 1  | 2  |
| LOYALTY PROGRAMS  |            |         |      |      |             |    |    |
| Permanent purchase discounts for owners of special loyalty cards                  | 248        | 52      | 2,3  | 2    | 1           | 2  | 3  |
| Gift for bonus points (the volume of previous purchases)                          | 246        | 54      | 1,8  | 2    | 1           | 2  | 2  |
| One-off discount for the points collected (the volume of previous purchases)      | 247        | 53      | 1,9  | 2    | 1           | 2  | 2  |
| Getting a special offer voucher for a certain number of points                    | 237        | 63      | 1,5  | 1    | 1           | 1  | 2  |
| Offering a competition for exclusive prizes (stay at the spa) for loyal customers | 232        | 68      | 1,5  | 1    | 1           | 1  | 2  |
| Offering the participation in long-term programs to improving health              | 227        | 73      | 1,4  | 1    | 1           | 1  | 2  |

Basically, to acquire their clients, pharmacies actively use to a greater extent only personal counselling when purchasing, on average with every second to third client purchase. The others are used to a lesser extent or not at all. This finding partially explains the lower perceived usefulness of a number of incentives for repeat purchases in pharmacies, as indicated below; clients are rarely or never offered these incentives in pharmacies.



*Usefulness of forms of counselling and references, sales promotion, loyalty programs and complementary services when deciding on repeat purchases of OTC medications*

Clients of brick and mortar pharmacies were also asked to what extent they are motivated or discouraged to repeat purchasing by various forms of counselling and references, sales promotion, loyalty programs and complementary services. To measure the benefits, we used a 7-point ordinal scale from 1 – do not motivate at all to 7 - extremely motivating (see Table 4).

Table 4 - 1<sup>st</sup> part. Usefulness of various forms of counselling, sales and loyalty support and complementary services for clients making decisions on repeat purchases in a brick and mortar pharmacy

| INCENTIVES FOR CUSTOMERS TO REPEAT PURCHASES BY PHARMACIES                              | Statistics |         |      |                |             |    |    |
|---|------------|---------|------|----------------|-------------|----|----|
|   | N          |         | Mean | Mode           | Percentiles |    |    |
|   | Valid      | Missing |      |                | 25          | 50 | 75 |
| FORMS OF COUNSELLING AND REFERENCES   |            |         |      |                |             |    |    |
| Personal counselling by the doctor  | 278        | 22      | 5,1  | 6              | 4           | 6  | 6  |
| Personal counselling by the pharmacist when dispensing                                  | 280        | 20      | 5,0  | 6              | 4           | 5  | 6  |
| References from friends   | 279        | 21      | 4,7  | 6              | 4           | 5  | 6  |
| Counselling by other professionals (nutritional specialists, trainers)                  | 275        | 25      | 3,3  | 4              | 2           | 3  | 5  |
| Information in instruction leaflets of drugs  | 270        | 30      | 3,3  | 4              | 2           | 3  | 4  |
| Counselling by the pharmacist over the phone  | 259        | 41      | 3,0  | 1              | 1           | 3  | 4  |
| Counselling sent by the pharmacy by an e-mail in response to a query                    | 264        | 36      | 2,9  | 1              | 1           | 3  | 5  |
| Counselling services on the pharmacy website managed by the pharmacist                  | 264        | 36      | 3,0  | 1              | 1           | 3  | 4  |
| Counselling services on the pharmacy website managed by the doctor                      | 263        | 37      | 3,3  | 1              | 1           | 3  | 5  |
| Reference from other clients on the pharmacy web  | 267        | 33      | 3,2  | 1              | 1           | 3  | 5  |
| Counselling services on the drug manufacturer's or distributor's website                | 260        | 40      | 2,5  | 1              | 1           | 2  | 4  |
| Periodic pharmacy newsletter sent by e-mail   | 167        | 133     | 2,5  | 1              | 1           | 2  | 4  |
| FORMS OF SALES SUPPORT  |            |         |      |                |             |    |    |
| Free samples  | 278        | 22      | 4,4  | 5 <sup>a</sup> | 3           | 5  | 6  |
| Discount when purchasing a larger package   | 278        | 22      | 4,4  | 5              | 3           | 5  | 6  |
| Term discounts (special offers)   | 277        | 23      | 4,0  | 5              | 3           | 4  | 5  |
| Testing the product in the pharmacy   | 275        | 25      | 3,6  | 4              | 2           | 4  | 5  |
| Discount when purchasing a new product with another OTC drug                            | 271        | 29      | 3,3  | 3              | 2           | 3  | 4  |
| Small gifts immediately with the purchase of a new product                              | 278        | 22      | 3,4  | 1              | 2           | 3  | 5  |
| Offers of participation in a competition when purchasing a new product                  | 273        | 27      | 2,3  | 1              | 1           | 2  | 3  |
| Inviting the client to an event related to the product                                  | 271        | 29      | 2,2  | 1              | 1           | 2  | 3  |
| Providing additional services (measuring pressure, weighting)                           | 273        | 27      | 2,8  | 1              | 1           | 3  | 4  |
| LOYALTY PROGRAMS  |            |         |      |                |             |    |    |
| Permanent purchase discounts for owners of special loyalty cards                        | 276        | 24      | 4,3  | 5              | 3           | 5  | 6  |
| One-off discount for the points collected (the volume of previous purchases)            | 274        | 26      | 3,5  | 3              | 2           | 3  | 5  |
| Gift for bonus points (the volume of previous purchases)                                | 276        | 24      | 3,1  | 1              | 2           | 3  | 4  |
| Getting a special offer voucher (cosmetics, fitness) for a certain number of points     | 275        | 25      | 3,0  | 1              | 1           | 3  | 4  |
| Offering a competition for exclusive prizes (trip, stay at the spa) for loyal customers | 272        | 28      | 2,5  | 1              | 1           | 2  | 4  |
| Offering the participation in long-term programs to improving health                    | 268        | 32      | 2,5  | 1              | 1           | 2  | 4  |

Table 4 – 2<sup>nd</sup> part. Usefulness of various forms of counselling, sales and loyalty support and complementary services for clients making decisions on repeat purchases in a brick and mortar pharmacy

| INCENTIVES FOR CUSTOMERS TO REPEAT PURCHASES BY PHARMACIES | Statistics |         |      |      |             |    |    |
|--|------------|---------|------|------|-------------|----|----|
|  | N          |         | Mean | Mode | Percentiles |    |    |
|  | Valid      | Missing |      |      | 25          | 50 | 75 |
| SUPPLEMENTARY SERVICES PROVIDED BY THE PHARMACY            |            |         |      |      |             |    |    |
| Measurement of blood pressure                              | 274        | 26      | 3,4  | 1    | 1           | 3  | 5  |
| Measurement of height                                      | 275        | 25      | 2,1  | 1    | 1           | 1  | 3  |
| Weighing and BMI determination                             | 274        | 26      | 2,4  | 1    | 1           | 2  | 3  |
| Measurement of water and fat in the body                   | 275        | 25      | 3,5  | 1    | 2           | 4  | 5  |
| Eye examination  | 275        | 25      | 3,7  | 1    | 2           | 4  | 5  |
| Specialized lectures                                       | 276        | 24      | 2,4  | 1    | 1           | 2  | 3  |
| Weight loss counselling services                           | 275        | 25      | 2,7  | 1    | 1           | 2  | 4  |
| Healthy lifestyle counselling services                     | 278        | 22      | 3,1  | 1    | 1           | 3  | 5  |
| Exercises under the guidance of professional instructors   | 275        | 25      | 2,5  | 1    | 1           | 2  | 3  |
| Cosmetic counselling services                              | 276        | 24      | 2,7  | 1    | 1           | 2  | 4  |
| Cosmetic skin treatment                                    | 274        | 26      | 2,3  | 1    | 1           | 1  | 4  |
| Measurement of basal metabolism                            | 173        | 127     | 3,3  | 1    | 2           | 3  | 5  |
| Common vaccination   | 174        | 126     | 2,6  | 1    | 1           | 2  | 4  |

Note. a. Multiple modes exist. The smallest value is shown

The Shapiro-Wilk test of conformity related to empirical and theoretical distribution of the usefulness of various forms of counselling, sales and loyalty support and complementary services for clients making decisions on repeat purchases in a brick and mortar pharmacy has not confirmed the normality of the empirical distribution and, on the contrary, there is an apparent slant of the distribution to the right or left, depending on whether the criteria for are important to the clients or not (compare the values of means, modes and medians in Table 4).

Friedman K-related samples test confirmed statistically significant differences in the experimental distribution of the perceived usefulness of each tool to support repeat purchases (Chi-Square = 794, 901, df = 21, p value = 0,000).

Clients of brick and mortar pharmacies are very encouraged especially by personal counselling by doctor and pharmacist when dispensing drugs and by references from friends. Obtaining information from leaflets of previously purchased drugs does rather not encourage clients of pharmacies, while web counselling services are rather or completely ineffective in encouraging clients to repeat purchase, as they are used only by a very small portion of the clients. When deciding on repeat purchase of OTC drugs they are effective, but rather a free sample and various discounts (discounts when purchasing larger packages, term discounts and permanent discounts on special purchases for owners of loyalty cards. Other incentives were perceived by clients of brick and mortar pharmacies as rather to completely unhelpful. The research results have confirmed the H3 hypothesis that *the attractiveness of tools to support retention and loyalty, from the perspective of clients of brick and mortar pharmacies when purchasing OTC drugs, is different*. Wilcoxon 2-related samples tests The tests have confirmed the concordance of the empirical distribution of the perceived usefulness of some pairs of stimuli for repeat purchases and nonparametric Spearman's correlation coefficients signalled a strong correlation of these groups, therefore the data were further analysed using the factor analysis. The factor analysis of the perceived benefits of various forms

of incentives for repeat purchases of OTC drugs by clients of brick and mortar pharmacies has revealed seven primary factors for increasing retention and loyalty of clients of these pharmacies (see Table 5).

Table 5 – 1<sup>st</sup> part. Rotated Component Matrix of factors motivating clients of brick and mortar pharmacies to repeat purchases

| Incentives for repeat purchases   | Component |      |      |      |      |      |      |
|---|-----------|------|------|------|------|------|------|
|   | 1         | 2    | 3    | 4    | 5    | 6    | 7    |
| Personal counselling by the pharmacist when dispensing                                  | ,818      |      |      |      |      |      |      |
| Personal counselling by the doctor  | ,857      |      |      |      |      |      |      |
| References from friends   | ,620      |      |      |      |      |      |      |
| Information in leaflets of previously purchased drugs                                   |           | ,465 |      |      |      |      |      |
| Counselling by the doctor over the phone  |           | ,455 |      |      |      |      |      |
| Counselling sent by the pharmacy by an e-mail in response to a query                    |           | ,813 |      |      |      |      |      |
| Counselling services on the pharmacy website managed by the pharmacist                  |           | ,893 |      |      |      |      |      |
| Counselling services on the pharmacy website managed by the doctor                      |           | ,880 |      |      |      |      |      |
| Counselling services on the drug manufacturer's or distributor's website                |           | ,860 |      |      |      |      |      |
| Reference from other clients on the pharmacy web (chat, Facebook)                       |           | ,755 |      |      |      |      |      |
| Periodic pharmacy newsletter sent by e-mail   |           | ,758 |      |      |      |      |      |
| Counselling by other professionals (nutritional specialists, trainers)                  |           |      | ,448 |      |      |      |      |
| Inviting the client to an event related to the product                                  |           |      | ,404 |      |      |      |      |
| Small gifts immediately with the purchase of a new product                              |           |      |      | ,540 |      |      |      |
| Testing the product in the pharmacy   |           |      |      | ,498 |      |      |      |
| Free samples  |           |      |      | ,761 |      |      |      |
| Discount when purchasing a larger package   |           |      |      | ,783 |      |      |      |
| Discount when purchasing a new product when purchasing another product                  |           |      |      | ,710 |      |      |      |
| Discounts in the form of remission of CZK 30 fee  |           |      |      | ,701 |      |      |      |
| Term discounts (special offers)   |           |      |      | ,684 |      |      |      |
| Offers of participation in a competition when purchasing a new product                  |           |      |      |      | ,486 |      |      |
| Gift for bonus points (the volume of previous purchases)                                |           |      |      |      | ,771 |      |      |
| One-off discount for the points collected (the volume of previous purchases)            |           |      |      |      | ,764 |      |      |
| Permanent purchase discounts for owners of special loyalty cards                        |           |      |      |      | ,682 |      |      |
| Getting a special offer voucher (cosmetics, fitness) for a certain number of points     |           |      |      |      | ,701 |      |      |
| Offering a competition for exclusive prizes (trip, stay at the spa) for loyal customers |           |      |      |      | ,681 |      |      |
| Offering the participation in long-term programs to improving health                    |           |      |      |      | ,660 |      |      |
| Providing supplementary services (measuring pressure, weighting)                        |           |      |      |      |      | ,567 |      |
| Measurement of blood pressure   |           |      |      |      |      | ,528 |      |
| Measurement of height   |           |      |      |      |      | ,716 |      |
| Weighing  |           |      |      |      |      | ,720 |      |
| Measurement of water and fat in the body  |           |      |      |      |      |      | ,798 |
| Eye examination   |           |      |      |      |      |      | ,671 |
| Specialized lectures  |           |      |      |      |      |      | ,670 |
| Weight loss counselling services  |           |      |      |      |      |      | ,837 |
| Healthy lifestyle counselling services  |           |      |      |      |      |      | ,837 |
| Exercises under the guidance of professional instructors                                |           |      |      |      |      |      | ,811 |
| Cosmetic counselling services   |           |      |      |      |      |      | ,849 |
| Cosmetic skin treatment   |           |      |      |      |      |      | ,801 |
| Measurement of basal metabolism   |           |      |      |      |      |      | ,819 |
| Common vaccination  |           |      |      |      |      |      | ,474 |

Notes: Total Variance Explained 71,949 %; Extraction Method: Principal Component Analysis; Rotation Method: Varimax with Kaiser Normalization; Rotation converged in 9 iterations.

The factors (components) in table 5 are as follows:

1. Personal counselling by doctors, pharmacists and reference from friends.
2. Impersonal counselling of doctors and pharmacists in the electronic and print media.
3. Counselling and special offers by other experts.
4. Sales promotion in the pharmacy.
5. Loyalty programs in the pharmacy.
6. Simple complementary services provided by the pharmacy.
7. Counselling and complex complementary services provided by the pharmacy.

The research results have confirmed the H4 hypothesis that *the perception of the attractiveness of different tools to support retention and loyalty could be explained by a combined impact of latent factors motivating the clients to repeat purchases in brick and mortar pharmacies*.

Nonparametric K-independent samples Kruskal-Wallis tests of distribution of empirical frequencies of the perception of the benefits of individual incentives for repeat purchases of OTC drugs have confirmed statistically significant differences in the perception of benefits of incentives for repeat purchases of OTC drugs by gender (women consider them to be more beneficial than men do), education (clients with lower education consider them to be than more educated population does) and the frequency of purchase of OTC drugs (those who purchase more often would appreciate more extensive counselling and other incentives than those who purchase sporadically). There were no statistically significant differences among clients of different age (except for references of other clients on the pharmacy web that people under 50 years of age consider to be more beneficial than the older population does) and health condition (except for information in package leaflets and discounts when buying a larger package, which are considered as more beneficial by ill people than people with little or no health problems).

#### 4. Conclusion

The quantitative research on the perception of the benefits of various tools for enhancing retention and loyalty of clients of brick and mortar pharmacies has confirmed that clients of brick and mortar pharmacies when deciding whether to repeat purchases in a particular pharmacy do not consider only the price, but it is also easy accessibility of the pharmacy, extended opening hours beyond normal operation, including early mornings and evenings and weekends and holidays, and professionalism, helpfulness and friendliness of the staff and quality professional sale counselling that are very important to them.

In the Czech Republic, retention and loyalty of clients of brick and mortar pharmacies when purchasing OTC drugs has currently been supported by a very limited range of tools to increase them. Clients of these pharmacies are mainly offered particularly personal counselling by doctors and pharmacists, yet not with every purchase, but in about a half to a third of purchases, other forms of retention and loyalty support are offered usually less frequently in brick and mortar pharmacies, some are rare or absent. Pharmacies in the Czech Republic usually have no programs to increase retention and loyalty and do not apply them when servicing their clients.

Clients of pharmacies perceive various forms of personal counselling as very beneficial for decision-making on repeat purchases. Providing free samples and various forms of discounts, not only one-off but also permanent discounts for owner of special loyalty cards are rather attractive for the clients of brick and mortar pharmacies, other forms of retention and loyalty support are not attractive for the clients of brick and mortar pharmacies or they do not even know a number of them.

The perception of the attractiveness of different aid instruments retention and loyalty could be explained by a combined impact of latent factors motivating the clients to repeat purchases in brick and mortar pharmacies. They are Personal counselling by doctors, pharmacists and reference from friends,

impersonal counselling of doctors and pharmacists in the electronic and print media, counselling and special offers by other experts, sales promotion in the pharmacy, loyalty programs in the pharmacy, simple complementary services provided by the pharmacy, counselling and complex complementary services provided by the pharmacy. All of these factors have the potential to strengthen retention and loyalty of clients of the pharmacies and their strategic development; unfortunately, they have not yet been paid sufficient attention in the practice of brick and mortar pharmacies in the Czech Republic.

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